



**OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI**

**From The Office Of State Auditor  
Claire McCaskill**

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# AUDIT REPORT



Office of  
Missouri State Auditor  
Claire McCaskill

July 2003

**St. Louis Sheriff's office needs to tighten procedures for property room evidence and land tax sales, while ensuring all office accounts run through the city treasury**

The audit report's 14 findings cover several facets of the St. Louis Sheriff's office including: property room evidence, land tax sales, prisoner transportation costs, bank accounts held outside the city treasury, vehicle purchases, serving of civil processes, and cell phone use. Responsibilities of the 182 employees of the Sheriff's office include: transporting prisoners between jail and court, providing courtroom security, serving civil processes, collecting and storing criminal evidence, issuing handgun permits and jury duty slips, and selling real estate with delinquent property taxes. The Sheriff's office agreed with the recommendations in 12 of the 14 findings, and has already implemented several of the recommendations.

**Some property room money kept in outside account and used for office purchases**

In April 1989, the Sheriff established a bank account outside the city treasury to handle money in the property room no longer needed as evidence. Between 1989 and 1995, nearly \$200,000 from the property room went into this interest-bearing account. The office used this account to pay for uniforms, training, handguns, cell phones, and other items. The office closed the account in 1995, but then used an additional \$69,000 from the property room between 1997 and 2002 to purchase cashier's checks for alarm, filing, and shelving systems, as well as uniforms. (See page 5)

In addition, the Sheriff's office has continued to hold seized money in the property room, about \$660,000 as of September 2002, which state law requires to be turned over to the state after a certain time period. Several state laws address the correct disposition of the seized property. City and state officials are in litigation over which entity should receive the unneeded property money. (See page 7)

**Inadequate property room tracking did not show final disposition of all items**

None of the cash envelopes deposited in the outside account or used for cashier's checks were marked as to their final disposition. Between 1993 and 1995, no one recorded the exact amount of money in the cash envelopes. The tracking system also did not include enough information on seized evidence to trace appropriate holding periods as set by state law. (See page 11)

**Better record keeping needed for land tax sales and fee collections**

The Sheriff's office handles all sales of property with unpaid real estate taxes, which totaled \$3.1 million in revenues during the 2001 and 2002 fiscal years. However, auditors

YELLOW SHEET

noted numerous errors in distributions and fees regarding such sales. Since 1997, these errors included about \$400,000 that never went to the City Collector as required and about \$270,000 in overpayments to the Collector. Because land tax sales often generate proceeds in excess of the back taxes, state law requires the Collector receive excess proceeds that go unclaimed for two years. (See page 14) In addition, auditors found significant weaknesses in the land tax sales accounting controls and procedures. (See page 19)

### **State overbilled for some prisoner transportation**

The Sheriff's office over billed the state at least \$26,444 on some of the 400 prisoner transportation trips made in fiscal years 2001 and 2002. For each prisoner transported, the Sheriff's office is reimbursed a per diem plus round trip mileage for each guard involved. On some trips, the Sheriff's office billed for three guards, even though no more than two guards ever made the trip. On other trips, the mileage reimbursement request exceeded the actual mileage driven. (See page 23)

### **Private process server account used by Sheriff's office for office supplies**

Initially, fees generated from training and licensing citizens who want to serve civil process papers were deposited in a separate bank account held outside the city treasury. The Sheriff's office also spent money from this separate account without city comptroller approval. The Sheriff's office closed this account in August 2002 and paid remaining monies to the city treasurer. However, account expenditures are still not approved by the city comptroller, as required by state law. City treasury officials told auditors as long as the account balance covered the Sheriff's office checks, they signed the checks. (See page 27)

### **Main bank account maintained on labor intensive, all-paper, manual system**

The nearly \$16.5 million in revenues and \$16.3 million in expenditures of the Sheriff's office over fiscal years 2001 and 2002 is recorded in a labor-intensive, paper-based system of logs, journals, and ledgers. Each month, the Sheriff's office totals how much they will turn over to the city and reconciles financial activity to bank activity. Conversion to an automated receipts and disbursement system would allow greater efficiency and early error detection. (See page 30)

### **Office could have spent less on new vehicles**

The Sheriff's office could have saved money on two recent vehicle purchases, including a \$42,486 prisoner transportation van which they could have bought for about \$32,000. State corrections department staff recently purchased transportation vans for no more than \$23,600. The Sheriff's office followed city vehicle purchasing policies, but could have asked to add a vendor to the list. Additional vendors could have included those responding to the state cooperative procurement with less expensive vehicles. (See page 32)

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OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI

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## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
James W. Murphy, Sheriff  
Office of Sheriff  
St. Louis, MO 63103

The State Auditor was requested by the Honorable Bob Holden, Governor, under Section 26.060, RSMo 2000, to audit the Office of Sheriff of the city of St. Louis, Missouri. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review the revenues and expenditures of the office.
2. Review certain personnel practices and procedures.
3. Review internal control procedures over certain financial areas.
4. Review management practices and financial information for compliance with certain statutes, city ordinances, and departmental policies.
5. Review the efficiency and effectiveness of certain management practices and operations.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed written policies, financial records, and other pertinent documents and interviewed various personnel of the Sheriff's Office.

As part of our audit, we assessed the Sheriff's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been

placed in operation and we assessed control risk. In order to assess control risk, we performed tests of controls to obtain evidence regarding the effectiveness of the design and operation of certain policies and procedures.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the Sheriff's Office management and was not subjected to the procedures applied in the audit of the Office of Sheriff.

The accompanying Management Advisory Report presents our findings arising from our audit of the Office of Sheriff of the city of St. Louis, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

February 21, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS



OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Property Room Monies</b>
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The Office of Sheriff of the city of St. Louis, Missouri is the custodian of evidence seized from persons brought before the Twenty-Second Judicial Circuit Court for arraignment and prosecution of criminal charges. Section 542.301, RSMo Cumulative Supp. 2002, establishes the requirements for disposition of seized property no longer needed as evidence. This statute was amended in the 2002 legislative session to delineate the holding periods for seized property and the issuance of court orders of forfeiture. The requirement that the Sheriff obtain court orders prior to the disposition of seized property has been in place since at least 1978. Under current law, unless the Sheriff has requested the Circuit Attorney to file a motion before the courts and the courts have issued orders of forfeiture within the mandated time frames, the property must be turned over to the state's unclaimed property division. The following table summarizes the disposition of property room monies by the Sheriff during his tenure and the amounts on hand in the property room as of September 2002.

Property Room Monies	Amount
Monies Expended or Disbursed by Sheriff	
Bank Account Held Outside City Treasury(1)	\$ 195,854
Purchase Cashier's Checks	69,117
Turned Over to City Treasury	260,924
Total Monies Expended or Disbursed by Sheriff	\$ 525,895
Monies Held as of September 2002 (2)	
Due to State Unclaimed Property	\$ 474,337
Held Pending Forfeiture	186,152
Total Held as of September 2002	\$ 660,489
Monies Not Accounted For (3)	\$ 17,943
Total Property Room Monies	\$1,204,327
(1) Excludes interest totaling \$20,450, see Section A below	
(2) Estimated classification by holding period	
(3) May have been deposited into outside bank account	

Our audit noted the following concerns regarding the use and accounting for monies and other property processed through the Sheriff's property room:

- A. In April 1989, the Sheriff established a bank account outside of the city treasury and outside the established accounting controls and procedures for the office. There was no documentation that the Sheriff notified other city officials of the existence of the account. We were informed that the Sheriff ordered personnel in charge of the property room to remove money no longer needed as evidence from the evidence envelopes and deposit the money into this bank account. The Sheriff failed to request motions of forfeiture be filed with the courts before disposing of the evidence money. A total of \$195,854 was removed from the property room between 1989 and 1995 and placed into this bank account. This account was an interest bearing account, and the Sheriff also invested some of the money in certificates of deposit. Interest earned totaled \$20,450 while the account was active. The Sheriff ceased use of this bank account in 1995. While this account was open, the Sheriff used it to pay the following:

Description	Amount
Uniforms	\$ 72,535
Training	67,428
Equipment	31,606
Additional Payment to Sheriff's Attorney	8,000
Vehicle Maintenance	7,483
Handguns	6,963
Cell Phone Expense	4,760
Conferences	3,360
Badges	2,157
Bank Charges	1,414
Miscellaneous	10,598
Total	\$ 216,304

Late in the audit process, after requests had been made, the Sheriff provided the checkbook, bank statements, and some related invoices for the account noted above. The Sheriff's Office did not retain any documentation that any applicable purchases were bid. The office retained only a portion of the actual invoices supporting these payments. We noted one cash withdrawal from the account totaling \$1,363 in November 1991, for which there was no supporting documentation.

Section 542.301, RSMo Cumulative Supp. 2002, requires a court order prior to the disposition of seized property and requires money forfeited under court order to be paid to the city treasury if forfeited within the mandated time frames, otherwise the monies go to the state's unclaimed property division. Section 57.490, RSMo 2000, requires all fees, commissions, and emoluments collected by the Sheriff to be turned over to the city treasury monthly and reported to the city comptroller. Section 57.510, RSMo 2000, states that the city shall furnish all supplies upon the requisition of the Sheriff and approval of the comptroller. The Sheriff failed to comply with any of these statutory requirements as they related to evidence money.

- B. In 1995, the Sheriff ceased use of the bank account discussed above; however, between March 1997 and September 2002, an additional \$69,117 was removed from the property room. This money was used to purchase six cashier's checks that paid for additional department related costs. There was no documentation that any of the applicable purchases were bid. Items purchased included:

Description	Amount
Judge's Panic Alarm System	\$ 30,980
Lektreiver Filing System	15,862
Movable Shelving System	12,285
Uniforms	6,107
Rolling Storage Cabinets	1,800
Unknown	2,083
Total	\$ 69,117

The Sheriff's Office was unable to locate documentation supporting two purchases totaling \$2,083. Also, the purchases of the filing system and uniforms included finance charges of \$1,956 because the invoices were not paid timely.

- C. In addition to the monies noted in parts A and B above, while removing money from the property room, the Sheriff's Office deposited at least \$260,924 into the city treasury. These deposits were made between October 1993 and September 2002. Since the Sheriff did not obtain court orders for the forfeiture of these monies, it appears these monies should have been paid to the state's unclaimed property division, as required by Section 542.301, RSMo Cumulative Supp. 2002.
- D. As of September 2002, the Sheriff was holding at least \$474,337 in the property room that was seized prior to 2000. Based on current state law, it appears most of this money should be turned over to the state's unclaimed property division. The remaining money relates to cases that have no statute of limitation and under local court rule must continue to be held.

The Sheriff was holding at least \$186,152 that was seized between January 1, 2000 and September 2002. Under Section 542.301, RSMo Cumulative Supp. 2002, the Sheriff must obtain the order of forfeiture within 18 months of seizure for stolen properties and within three years for other seized property. If the order of forfeiture is not granted within the applicable time, the money must be turned over to the state's unclaimed property division or continue to be held until no longer needed under local court rule.

The property room records we used to identify the money did not include a description of the related crime; therefore, we were unable to determine whether any particular case fell under the 18-month requirement. However, some of the money would fall into that category and is available for immediate distribution to the state treasurer. As each day passes additional money will fall under the three year category and should be turned over to the state.

- E. The Sheriff's Office could not account for 125 evidence envelopes that are either missing or empty. Most of the missing envelopes were received by the property room between 1993 and 1995. However, two of these envelopes had been received in 1981. According to the available documentation, 43 of these envelopes contained a total of \$9,943 and the other 82 contained unspecified amounts of money which we estimated to be at least \$8,000. The Sheriff's Office was unable to provide any documentation regarding the disposition of this money.
- F. The Sheriff has not established procedures for the proper categorization of seized property and corresponding holding periods within which orders of forfeiture must be obtained to provide for the forfeited money to be turned over to the city treasury rather than the state. The Sheriff's Office is improving the existing computerized property room tracking system to meet the established criteria.
- G. The statutory requirements noted above also apply to other property held by the Sheriff. During a tour of the property room, we noted a large number of rifles, shotguns, knives, swords, and other weapons. We also noted at least 50 bicycles, several older personal computers, a big screen television, and a large set of high quality luggage. There were also thousands of sealed bags containing clothes and other personal items of perpetrators and victims. Many of these items had little or no value. Some items such as bloody clothing are potential biohazards.

Local court rules prohibit the sale of the firearms. However, there were many items that could be sold by auction. The last auction was held in 1998. Based on current state law, all items held for the 18-month and three-year timeframes and not ordered destroyed, forfeited, or sold by the courts should be converted to cash and the money immediately turned over to the state.

In November 2002, the court issued an order that all property not meeting certain retention criteria and received by the Sheriff's property room prior to January 1, 2000 was to be destroyed. This order was granted to allow the Sheriff to dispose of a significant volume of seized property prior to the move to the Carnahan courthouse. As the old evidence was being sorted, items that appeared to have some value such as jewelry and watches were retained for a possible future auction.

**WE RECOMMEND** the Sheriff:

- A, B, & C. Deposit all seized and forfeited money no longer needed as evidence into the Sheriff's officially authorized account and ensure the disposition of all seized monies is in accordance with state law.
- D. Immediately turnover all seized evidence money that meets the criteria as established by state law to the state.

- E. Retain documentation of the final disposition of all evidence money removed from the property room.
- F&G. Improve enhancements to the existing computerized property room tracking system to ensure seized property is correctly categorized and the various holding periods are monitored to provide for the disposition of seized property in accordance with state law.

### **AUDITEE'S RESPONSE**

*The audit's first finding concerns monetary evidence held in the Sheriff's Department property room. Commentary on the subject deals both with monies previously expended or disbursed and money currently held. These will be addressed in the order they appear in the audit report.*

#### **Monies Previously Disbursed**

*As the report notes, the Sheriff's Department does not seize evidence itself, but only holds evidence seized by the St. Louis Police Department in cases where a suspect has been formally charged with a crime. Accordingly, the cash and property held by the Sheriff fall outside the purview of the express language of the asset forfeiture laws, which require that the seizing officer initiate the forfeiture. Therefore, asset forfeiture proceedings, when applicable, are initiated by the police department and said assets are never turned over to the Sheriff.*

*Monies held by the Sheriff thus fall under statutes dealing with unclaimed evidence. These laws have been modified several times during the tenure of the current Sheriff.*

*The report questions the propriety of the Sheriff expending such money to defray departmental expenses and remitting the balance to the City Treasury during the period of 1989 to 1995. It cites Section 542.301, RSMo 2002, when it asserts "...it appears these monies should have been paid to the state's unclaimed property division..." (page 7). The Sheriff's legal counsel takes exception to that interpretation, noting that the referenced statute establishes procedures for the sale of unclaimed property that must be "converted to cash" and not the disposition of cash, itself.*

*When the current Sheriff assumed office in 1989, he found a substantial amount of cash on hand. Records regarding the acquisition and disbursement of this money were at best incomplete. As a result, the Sheriff opened a department bank account in order to provide security and generate reliable records for disposition of these monies, as well as earn interest on the sum held. The account was used to defray the necessary expenses of the Sheriff's Office and to remit excess funds to the City Treasury. This account was closed in 1995. Transactions against the account are reflected in the first portion of the chart on page 5 of the audit report entitled "Property Room Monies".*

*The audit report questions the Sheriff's authority to dispose of unclaimed cash held as evidence without court order during the referenced time frame (1989-1995). In expending and remitting this evidence, the Sheriff followed procedures that had been in place for decades. During the*

*same time period, the St. Louis Police Department remitted all unclaimed cash in its possession to the Police Relief Fund, also without court order. All monies disposed of in this manner by the Sheriff were either used to defray the necessary expenses of the department or remitted to the City Treasury.*

*The final item on the chart on page 5, entitled “Monies Not Accounted For”, involves for the most part cash received as evidence between 1993 and 1995 (page 8). These discrepancies thus occurred during the same time frame that a former police officer working for the Circuit Attorney was committing systemic theft from the property room for which she was later convicted in federal court (page 11). While this employee was sentenced for stealing \$64,854 from the property room, the Sheriff believes that her criminal conduct may well explain the additional shortfall occurring during the same time frame.*

### *Monies Currently Held*

*It must be understood that the Sheriff’s Department is obligated to hold all evidence until such time as the Circuit Attorney’s Office sends notice that it is no longer needed for trial or appeal.*

*As mentioned in the report, the law governing disposition of unclaimed evidence was changed in 2002. The present issue is what portion of this money should be remitted to the City Treasury and what portion should be remitted to the State.*

*Subsequent to a formal request from the Sheriff’s Department, the Circuit Attorney has filed suit, seeking remittance of this money to the City Treasury. The Attorney General’s Office has joined this suit seeking these monies for the State. The ultimate disbursement of these funds will be determined by the outcome of that litigation.*

*To expedite the future processing of monetary evidence, a memorandum of understanding has been struck between the St. Louis Police Department, the Circuit Attorney’s Office and the Sheriff’s Department providing that such evidence will be photocopied then deposited into a holding account established for that purpose. This procedure will be adopted pending approval of the judges of the 22<sup>nd</sup> Judicial Circuit.*

<b>2. Property Room Procedures</b>
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The Sheriff’s property room, as noted above, handles the evidence for criminal cases brought before the circuit court. We noted the following procedures are in need of improvement.

- A. The Sheriff’s Office maintains a computerized property tracking system as well as related paper documentation of the items received from the St. Louis Police Department property room. The system was originally developed in 1991 and has undergone several enhancements since that time. The system does not assign a separate sequential tracking number to each envelope received, but instead uses the evidence voucher number assigned by the St. Louis Police Department. Since

the police department also receives evidence for cases heard in other courts, the vouchers received by the Sheriff's Office are not sequentially numbered.

The voucher numbering system used by the police department and ultimately by the Sheriff's Office begins with one each year. While the Sheriff's Office does record the date of arrest, the date of data entry, and voucher year of each envelope into the tracking system, the primary tracking number used by the office has been duplicated many times over the last eleven years. For instance, voucher number 100 was recorded in the Sheriff's tracking system seven different times.

For example, we scanned voucher numbers 113 to 200 received in 2002 and all were recorded except voucher numbers 159, 160 and 161. Without the assignment of a sequential tracking number to each envelope received by the Sheriff's Office and the recording of that sequential number on both the paper voucher and the evidence envelope, the Sheriff has no assurance that the property tracking system includes all property received by the Sheriff. As a result, we could not determine whether all items in the property room, including the monies discussed earlier in this report, represented all property received by the Sheriff.

A similar recommendation was made in our 1988 report issued to the prior administration. In the written response to that recommendation the Sheriff's Office indicated consideration was being given to a control system for the accountability of seized property. While we noted some improvements in the control system since that time, significant weaknesses remain.

- B.1. The property tracking system did not properly reflect the final disposition of all items. None of the envelopes from which money was removed, as discussed in MAR number 1 above, were noted as having been deposited in the Sheriff's bank account or used to purchase the cashier's checks. In addition, at least 102 envelopes containing \$64,854 had been stolen between 1993 and 1995 by a former St. Louis City Police Officer who had been assigned to the Circuit Attorney's office. The officer was caught with the assistance of the Sheriff's property room officer and sentenced in federal court for the theft. However, the property tracking system was not updated to reflect the monies had been stolen.
2. Between 1993 and mid 1995, the description of the contents recorded in the property tracking system did not indicate the exact amount of money contained in the envelope. Instead the contents were simply listed as "Money". We noted 1,407 envelopes listed in the tracking system with this description. We did note that the paper evidence voucher and the envelope generally reflected a specific monetary amount. Because of the removal and use of property room monies noted earlier in this report, almost all of the envelopes with a description of "Money" have since been removed from the property room. However, the final disposition was not updated in the property tracking system.

3. The property tracking system currently does not contain sufficient information to allow the Sheriff's Office to track holding periods established in state law and the completion of required actions, including orders of forfeiture. This information is needed to facilitate compliance with Section 542.301, RSMo Cumulative Supp. 2002. Additional data fields must be added to the system and management reports must be produced and reviewed periodically to ensure compliance with the statutory requirements for disposition of seized property.
- C. We noted a large number of rifles and shotguns in the property room. The property tracking system indicated that over 1,500 rifles and shotguns were being held. Most of the weapons are inoperable or in extremely poor condition. The property room officer indicated the Sheriff has been unable to locate any business that would be willing to destroy these weapons at a reasonable cost.

While the property room appears to be fairly secure and the building has 24-hour security, the failure to destroy these weapons increases the space required to store the property items, will result in additional time to conduct physical inventories, and increases the risk that loss or theft would not be detected in a timely manner. The Sheriff should continue to pursue destruction of the firearms no longer needed as evidence after obtaining the required court order.

- D. The Sheriff's property room does not fully comply with the industry standard "Two Person Rule". This rule mandates that property room personnel not enter sensitive areas where monies or weapons are stored unless accompanied by another staff member. Since there are only two officers assigned to the property room, there are many days when only one officer is present due to vacations and sick leave. Noncompliance with the "Two Person Rule" significantly increases the need for complete and comprehensive tracking systems and procedures for all seized property received.
- E. The Sheriff's property room also receives property seized during tenant evictions if the property is considered to pose a significant public risk. During the eviction process, the evicted person's property is placed on the curbside of the street fronting the residence. Seized items in these instances include firearms and other dangerous weapons, alcohol, and pornography. These items are labeled with the owner's information and placed in storage; however, these items are not entered into the property tracking system. No records are maintained other than the specific identifying information placed on the property item.

Section 542.301, RSMo Cumulative Supp. 2002, indicates that seized property may only be disposed of following court orders. The Sheriff does not obtain court orders of forfeiture or destruction for the eviction property. Instead, the seized weapons are being held and the Sheriff indicated the alcohol and pornography has been destroyed. Almost all of the eviction property has little or no value; however, there are some unclaimed items that could be sold. The unclaimed eviction property should be disposed of in accordance with state law.



- F. The Sheriff's Office does not perform periodic physical inventories of the property room. Failure to perform periodic physical inventories significantly increases the risk that loss or theft of items may not be detected in a timely manner. The physical inventory should be conducted by persons independent of the property room. The results of the physical inventory should be fully reconciled to the property tracking system.

A similar recommendation was made in our 1988 report issued to the prior administration.

- G. The Sheriff's property room has also been the repository for personal property of prisoners brought before the Circuit Court. This property is normally only in the Sheriff's possession for a few hours. Most of this prisoner property is transferred to the Medium Security Institution along with the prisoner. Some persons, upon release from custody, fail to return to the property room to claim their personal possessions.

As of September 12, 2002, the Sheriff's property room was holding 204 envelopes of unclaimed prisoner property. We scanned the listing of unclaimed prisoner property and attempted to physically locate 20 envelopes. We were unable to locate three of the twenty envelopes and one that was listed as being held had in fact been returned to the owner. It appeared that almost all of the unclaimed prisoner property envelopes contained items of little or no value, such as shoe strings, empty wallets, disposable cigarette lighters, and cheap jewelry. A few envelopes contained small amounts of cash.

We noted that 144 of the 204 envelopes listed had been held over one year and one envelope had been received in 1995. The Sheriff has not sought court orders for the disposition of the unclaimed prisoner property. Envelopes held more than three years should be converted to cash and the money turned over to the state's unclaimed property division.

**WE RECOMMEND** the Sheriff:

A, B,  
C, D,  
&E.

- Assign sequential tracking numbers to all seized property received.
- Record all property received into the property tracking system.
- Ensure the final disposition of seized property is correctly reflected in the tracking system.
- Record additional information in the system needed to track the handling and holding periods for each item to ensure compliance with applicable state laws.

- Develop management reports to ensure all property is disposed of in accordance with the court orders, state laws, and local court rule.
- F. Ensure periodic physical inventories of seized property are conducted by persons independent of the property room and reconcile the results of those inventories to the property tracking system.
- G. Dispose of unclaimed prisoner property in accordance with state law.

### **AUDITEE'S RESPONSE**

*The department is in the process of implementing the auditor's recommendations. Because the property room is obligated to hold all evidence until the Circuit Attorney's Office orders its release, full cooperation of all involved agencies will be critical to successful implementation.*

*As a result of this audit, the Sheriff's Department no longer handles prisoner property.*

<b>3.</b>	<b>Land Tax Sales Distributions and Collection of Fees</b>
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The Sheriff is responsible for conducting sales of property with unpaid real estate taxes under Sections 92.700 to 92.920, RSMo 2000, the Municipal Land Reutilization Law. The listings of property to be sold are compiled by the city collector for properties with unpaid real estate taxes over three years old. In recent years, four sales per year have been held. The Sheriff employs a full time attorney, referred to as the Chief Execution Deputy (CED), to handle the court duties related to the land tax sales. All transactions regarding distributions of land tax sales are handled through the Land Auction Sales Fund, a fund that is maintained within the city treasury. During the two years ended June 30, 2002, land tax sales revenues totaled \$3,112,847. Since the Sheriff took office on January 1, 1989, total Land Auction Sales Fund revenues were \$11,135,556 and disbursements totaled \$10,142,256.

In our 1988 report issued to the prior administration, we recommended the Sheriff's Office improve record keeping practices, maintain open items listings, and reconcile those listings to the available cash balance, and segregate the authorization, record keeping, and custodianship responsibilities. In 1991, the office started turning over all sales proceeds to the city treasurer following the month of collection. However, the Sheriff's Office was responsible for tracking the liabilities and requesting distribution of the monies held in the Land Auction Sales Fund. We noted the following errors in the handling of land tax sales and related fees by the Sheriff's Office.

Error	Amount
Failure to Distribute Excess Proceeds to Collector(1)	\$ 397,029
(Overpayments) to Collector (1)	(270,828)
(Overpayments) to Others (1)	(60,292)
Failure to Distribute Notification Fees (1)	78,930
(1) Net effect on fund balance of \$144,839	

A. Land tax sales often generate excess proceeds over the amount of back taxes, costs, and fees due at the time of the sale. The Municipal Land Reutilization Law requires excess proceeds that remain unclaimed for two years be turned over to the collector for distribution to the taxing authorities. The Sheriff's Office generally planned to make the turnover in December of the year following the two year holding period. However, since 1997, distributions totaling \$397,029 have not been made.

1. The excess proceeds distribution for the land tax sales in 1999 was calculated by December 6, 2002, and a voucher was prepared for \$287,906. The land tax sales clerk prepared the voucher and forwarded it to the CED's assistant who held the voucher pending approval by the CED. Fortunately that distribution was not made. In the first part of January 2003, during the initial preparation of an open items listing pursuant to our request, a significant weakness in the handling of distributions was noted. The planned distribution contained at least \$110,000 that was in error. Many of the parcels that had undistributed excess proceeds according to records maintained by the land tax sale clerk, had in fact already been paid out to the previous landowner or paid back to the bidder, based on applicable court orders. However, these orders were not provided to the land tax sales clerk but instead were given by the CED to his assistant who prepared the voucher for the payment of the excess proceeds. The correct amount for this distribution due the city collector, determined as of April 30, 2003, was \$176,913.
2. In June 2000, the land tax sales clerk had prepared a letter and listing for the excess proceeds distribution totaling \$190,625 for the tax sales held in 1997 that remained unclaimed, and noted on her copy that the voucher had been prepared and forwarded to the city comptroller's office. However, the voucher was not recorded in the Land Auction Sales Fund and the monies were not distributed to the collector.

After discovering the problem noted in part 1 above, it was apparent that the calculation of the unclaimed excess proceeds of all prior years was highly suspect. The land tax sales clerk reviewed her records, financial reports provided by the comptroller's office, and copies of vouchers still held at the Sheriff's Office. The clerk noted over \$34,000 would have been incorrectly distributed if the original amount had been distributed in

June 2000. As of April 30, 2003, the correct amount identified for this distribution was \$156,355.

3. We also noted the excess proceeds distribution for land tax sales in 1994 should have been distributed in 1997. The Sheriff's Office could provide no documentation that the amounts had been calculated or that listings and a voucher had been prepared. As of April 30, 2003, the identified amount for this distribution was \$63,761.

The total excess proceeds currently available for distribution is \$397,029. However, the overpayments to the collector discussed below must be offset against this distribution to correctly handle the current balances in the Land Auction Sales Fund.

- B. We noted the excess proceeds distributions to the collector that were made in prior years also contained errors caused by the lack of internal communication noted in part A.1. above. The overpayments to the collector identified as of April 30, 2003, totaled \$270,828. Overpayments were noted in each distribution made since 1997.

Similar distributions of excess proceeds should have been made annually since at least 1984, and it is likely those distributions may also have included some overpayments. However, additional research by the Sheriff's Office will be required to identify the specific overpayments. The Sheriff's Office should offset known overpayments to the collector against amounts available for distribution. As of April 30, 2003, the identified correcting distribution that should be made to the collector is \$126,201. This is the difference between the underpayments of \$397,029 noted above and the overpayments of \$270,828 discussed in this section.

- C. We noted the Sheriff's Office distributed 12 double payments totaling \$60,292 to individuals and businesses who bought land tax sale properties. Some of these payments appeared to be caused by the court issuing two different orders for set aside, or cancelling, of sales. In those instances the intended buyer of the parcel would petition the court to have the sale set aside and the order would be granted. The buyer would then contact the office (usually the CED assistant) and a voucher would be initiated in accordance with the court order. Sometime later, another motion for set aside would be brought to the court by either the intended buyer, the CED, or the city collector's attorney, and the court would issue another set aside order and the CED assistant would issue another voucher. The Sheriff should review these apparent double payments and seek court orders for recovery of the monies paid out in error.
- D. Section 92.810, RSMo 2000, requires the Sheriff to send notification of pending tax sales to the owners of the property prior to the tax sale. In 1991, the Sheriff set the fee for providing this notification at \$50 and began collecting the fee from

the buyer at the time of sale. After the property sale has been confirmed by the courts, the Sheriff (and ultimately the city's general revenue fund) is entitled to the fee, otherwise the fee is returned to the buyer if the sale is set aside.

We noted that the Sheriff's Office did not distribute the notification fee on confirmed sales. Instead the money was left in the Land Auction Sales Fund rather than being transferred into the city's general revenue fund. Because the Land Auction Sales Fund is a restricted fund, those monies were not available to support current city operations. Section 57.490, RSMo 2000, states all fees, commissions, and emoluments collected by the Sheriff shall be turned over to the city treasury monthly.

In January 2003, after bringing this matter to the attention of the Sheriff, \$78,930 in notification fees were transferred from the Land Auction Sales Fund to the city's general revenue fund.

- E. In Sections 92.860 and 57.280, RSMo 2000, the Sheriff is required to collect commissions on land tax sales at the rate of 5 percent on the first \$500 and 4 percent on amounts above \$500. Our review noted several errors in the calculation and collection of these commissions resulting in commissions being under collected by more than \$30,000 which reduced the Sheriff's turnover of fees to the city by the same amount.
1. The Sheriff's Office has not included all applicable amounts to calculate the commissions. The office has applied the commission percentages to only the judgment amount of the back taxes and not to publication costs, accrued interest, and title search fees. This error has resulted in the undercollection of commission fees.
  2. In 1994, the office determined the amounts used to calculate the commissions were incomplete. In an attempt to correct the commissions, it was decided that the formula used in the city collector's automated land tax sales report would be adjusted so that the Sheriff's commissions would be calculated at 5.1263 percent of the first \$500 and 4.17 percent on amounts above \$500 for purposes of setting the minimum bid. The formula was actually adjusted to 5.263 percent of the first \$500 rather than the intended 5.1263 percent. This adjustment slightly increased the minimum acceptable bid on each parcel. After these changes were made, the commissions were still not being calculated on the correct base and now the percentages were incorrect and in excess of what was allowed by law.

We estimated the Sheriff's commission on the 210 properties with gross proceeds of \$1,153,774 that were confirmed in 2002. The combination of errors noted in parts 1. and 2. above resulted in the Sheriff's commissions being undercollected by \$3,989.

We contacted the city collector's office and were told the formula could easily be corrected to allow the commissions to be properly calculated for both establishing the minimum bid and collecting the commission on the minimum bid.

3. We noted that the Sheriff's Office has never collected the commission as mandated by statute on the amounts above the minimum bid (excess proceeds). We estimated the commission on the excess proceeds for the 210 properties confirmed in 2002 should have been \$27,190. Had the commissions been correctly applied in prior years, significant additional revenues would have been realized.

**WE RECOMMEND** the Sheriff:

- A&B. Make correcting distributions of unclaimed excess proceeds that are not offset by the past overpayments to the collector.
- C. Seek recovery of overpayments to individuals and businesses.
- D. Ensure land tax sale notification fees are paid to the city's general revenue fund as they are earned.
- E. Ensure the calculation and collection of Sheriff commissions on land tax sales is in accordance with state law.

**AUDITEE'S RESPONSE**

*This section deals with the collection of money from land tax sales and the remittance of same to the Collector of Revenue. Money collected at auction is deposited into the Land Auction Sales Fund pending court confirmation of the sale as required by law. If confirmed, money from a given sale is remitted to the Collector. Should the sale be set aside, the money is then returned to the bidder.*

*The City Comptroller routinely audits the Sheriff's Department on a monthly basis and specifically audits the Land Tax Sales Fund at least once per year. At no time has the Comptroller's Office found fault with the accounting practices or schedule of distributions to the City.*

*Relying on established procedures and these regular audits, the Sheriff has faithfully administered land auctions and, in doing so, has contributed millions to the City's General Revenue Fund during his tenure.*

*Regarding the table on Page 15 of the report, it should be noted that Item #1 refers to monies held in the Land Auction Fund that the auditor found to be due the Collector. Item #2 references payments to the Collector that the audit finds should have remained in the Auction Fund.*

*Obviously, these items offset. As a result of this audit, funds were transferred to reconcile these accounts and the recommended procedural changes have been, or will be, implemented.*

*Item #3 on the above chart, "Overpayment to Others", is the result of conflicting or duplicate court orders issued on the same parcel of property. This deficiency in the system should be corrected by the adoption of the "open items" accounting method suggested by the auditor (see below).*

*The auditor notes that the Sheriff has failed to collect a fee on excess proceeds in the event that a property sells at a price higher than the original asking price. When a property is auctioned, the opening bid is calculated by computing back taxes owed plus applicable fees and penalties. The resultant sum became the basis upon which the Sheriff calculated his commission. If the property ultimately sold at a higher price, the original owner could claim the excess proceeds. If unclaimed, they were transferred in full to the Collector.*

*It has been the policy of the Sheriff's Department not to collect an additional commission on the excess, reasoning that a property owner who lost his/her home should not be subjected to additional penalty after satisfying the outstanding debt. In the case of unclaimed proceeds, the full sum was transferred to the Collector—the party who would ultimately receive the Sheriff's commission had it been assessed.*

*All recommendations of the auditor relative to this fund have been adopted.*

#### **AUDITOR'S COMMENT**

It should be noted that although items 1 and 2 in the table offset in total, these independent transactions represent many errors occurring over several years and these individual transactions could not have been offset. Two wrong transactions having opposite outcomes do not make a correct transaction.

<b>4. Land Tax Sales Accounting Controls and Procedures</b>
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We noted significant weaknesses in the land tax sales accounting controls and procedures that allowed errors to go undetected.

- A. The Sheriff's Office did not maintain an automated database of financial activity related to each parcel sold. A detailed "audit sheet", which summarized certain information related to each sale, was maintained for each parcel sold. However, due to the lack of a comprehensive tracking system, the lack of communication between staff, and inadequate supervisory review, significant errors in the processing of land tax sale proceeds were not identified. Without such a tracking system, the Sheriff has no assurance that all money collected from land tax sales is properly distributed as required. The errors in distribution of land tax monies and collection of fees noted in this report could have been prevented or at least

detected and corrected within a reasonable time if such a system had been in place.

- B. The Sheriff's Office did not maintain a monthly listing of liabilities (open items) for funds held in trust pending distribution to the responsible party. The office did not attempt to reconcile the liabilities to the fund balance. In September 2002, we requested the Sheriff's Office prepare an open items listing. As of April 30, 2003, the Sheriff's Office prepared open items listing for monies held as of December 31, 2002, indicated a fund shortage of \$16,443.

Classification of Liabilities	Amounts Owed
Undistributed Excess Proceeds In Holding Period	\$1,318,053
Held Pending Confirmation of Sale	314,911
Excess Proceeds Not Distributed as Required	397,029
Past Overpayments to Collector	(270,828)
Past Overpayments to Others	(60,292)
Notification Fees	78,930
Work in Process	86,734
Total Liabilities	1,864,537
Fund Balance	1,848,094
Open Items Difference	\$ 16,443

Due to the lack of adequate records and the failure to maintain and retain monthly open items listings, it is unclear whether all errors have been discovered. There was also a fund shortage noted in our 1988 report issued to the prior administration. We could not determine if adjustments for the errors noted in the 1988 report had been corrected.

If an open items listing had been maintained and reconciled monthly, the failure to make past distributions to the collector, the past overpayments made to the collector and others, and the lack of fee distributions could have been discovered and corrected in a timely manner.

Due to the extensive problems noted regarding the accounting and procedures related to land tax sales, it appears the Sheriff should request the city comptroller establish a new fund so all future sales activity may be accounted for separately from past activity. The establishment of the new fund is necessary so the Sheriff's Office can fully track and reconcile at least monthly all financial activity related to future sales. Monies in the existing fund will be distributed as the Sheriff's Office makes the correcting payments discussed above, as matters regarding previously sold property are resolved, as overpayments to individuals are recovered, and as unclaimed excess proceeds are distributed. After all known liabilities have been satisfied, the Sheriff should consult with the city comptroller and the city collector regarding final distribution of any monies remaining in the fund.



It will be crucial for the Sheriff's Office to maintain the open items listing and fully reconcile the listing to fund financial activity reports for the existing fund. The Sheriff must also ensure financial activity related to the existing fund is not commingled with financial activity from future sales.

- C. Once property has been officially designated for land tax sale, the property owner has the opportunity to make payment to or establish a payment plan with the city collector and the property will be withdrawn from the sale. This process is referred to as redemption of the property. The payment plans may be set up for as long as 48 months. As part of that payment or payment plan, the collector collects the Sheriff's notification fee. The collector then submits the fee to the Sheriff after the amount due is paid in full. We noted the Sheriff's Office does not track the collection of the notification fees on redeemed properties but simply accepts the payment submitted by the collector. Therefore, the Sheriff has no assurance that all notification fees arising from redeemed properties are being received.
- D. We noted the Land Auction Sales Fund included \$36,723 related to 23 parcels of land that sold between 1991 and 1999. After the property is sold in a land tax sale, the sale must be confirmed by the courts. The Municipal Land Reutilization Law does not require the confirmation hearing be held within a certain time period. According to the Sheriff's records no hearing was conducted for any of these properties. The CED indicated that it was generally the buyer's responsibility to initiate the request for a confirmation hearing. He indicated it was unclear if the Sheriff had the statutory authority to request hearings. It is not unusual for hearings to be delayed up to two years following the sale.

Many buyers decide they do not want to own the property for such reasons as the existing structures will cost too much to rehabilitate or tear down, or the buyer was unable to purchase adjoining parcels. Also professional property investment companies, that buy many of the properties, determine the property will not be a good investment. Ultimately these parties will request the court set aside the sale and their money will be returned. The parcels are put up for sale again at the next auction.

Until the confirmation hearing is held the sale proceeds may not be distributed and, therefore, the taxes, costs, accrued interest, and fees are not paid out. A Sheriff's deed transferring ownership of the property cannot be issued and the property will remain in the name of the previous owner.

Since the Sheriff's Office handles the sale and collects the sale proceeds, it should establish procedures to identify parcels that have been sold but a hearing for confirmation or set aside has not been held within two years. The Sheriff should report to the courts and the city collector those properties waiting on confirmation or set aside hearings.

- E. The Sheriff's land tax sale held in May 2001 included two parcels owned by the "Governor of Mo C/O Asst Atty Gen". These two properties had been purchased by the state in 1986. The state is exempt from paying local property taxes under Article X, Section 6 of the Missouri Constitution. However, the city assessor and city collector, in addition to the Sheriff, failed to recognize these properties were owned by the state and no property taxes were due. The properties are vacant lots located adjacent to an existing state building. The properties were sold for a total of \$4,050.

While it appears that the notifications of foreclosure and pending sale were mailed and published as required, the address of the Sheriff's notification letters listed an old address of the Attorney General's office in St. Louis and were returned by the post office as forwarding address expired. No further efforts were made by the Sheriff's Office to contact the Attorney General's office prior to the sale. After the sale, the Sheriff's Office distributed a notice that the property was sold and excess proceeds may be available. This notice was sent to the old address also. We notified the Attorney General's office who indicated the state would seek to have the sales set aside.

**WE RECOMMEND** the Sheriff:

A&C. Establish and maintain an automated database of financial activity for land tax sales capable of:

- Generating monthly open items listings, and detailed and summary reports of financial activity.
- Tracking collection and disbursement of sheriff fees .
- Calculating and tracking disbursement of Sheriff commissions.
- Tracking the hearings of confirmation or set aside and producing reports of parcels for which no hearings have been held within two years of the sale date.
- Identification of excess proceeds and their related holding periods, and unclaimed excess proceeds distributions.
- Identification and reporting of possible duplicate payments by parcel number and duplicate amounts.
- Generation of monthly reports of change in status for hearings and excess proceeds and unclaimed property holding periods.

B. Ensure open items listing for the existing land auction sales fund are prepared monthly and reconciled to the existing fund balances. After all known obligations

have been satisfied, the Sheriff should consult with the city comptroller and city collector regarding final distributions and closure of the old fund. In addition, the Sheriff should request the establishment of a new fund to account for the financial activity of all future land tax sales and reconcile the fund activity to the activity recorded in the land parcel tracking system.

- D. Report to the courts and the city collector those properties without a confirmation or set aside hearing within two years of the sale.
- E. Work with the Attorney General and the courts to have the sales of state-owned properties set aside.

### **AUDITEE'S RESPONSE**

*The Sheriff's Department does not have a Certified Public Accountant in its employ. The deputies who keep the books on its various accounts are capable of maintaining such records but are not qualified to design accounting procedures.*

*The auditor recommended the adoption of an "open items" listing for the Land Tax Sales Fund. With their assistance, this accounting method has been implemented. Utilizing this system should allow the Sheriff's Department to better identify instances in which multiple court orders are issued on the same parcel of property.*

<b>5. Prisoner Transportation Billings</b>
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The Sheriff's Office is responsible for transporting prisoners sentenced by the circuit courts to the state Department of Corrections' reception and diagnostic centers. The state reimburses the Sheriff for transportation costs based on Section 57.290(4), RSMo 2000. During the two years ended June 30, 2002, the Sheriff's transportation unit made over 400 trips to the prisons in Fulton, Vandalia, Potosi, Pacific, and Farmington, and delivered over 2,750 prisoners. The Sheriff was reimbursed about \$186,000. We noted the following concerns related to prisoner transportation billings:

- A. During the two years ended June 30, 2002, the Sheriff's Office overbilled the state at least \$26,444 in prisoner transportation costs. The Sheriff is reimbursed a per diem charge plus round trip mileage for each guard making the trip. The per diem is \$8 per day for the first guard and is \$6 per day for the second guard. The mileage reimbursement is the rate established by the Internal Revenue Service. During fiscal years 2002 and 2001, the rate was 34.5 cents and 32.5 cents per mile, respectively.

On the trips made to the Fulton prison, the billing document indicated that three guards made the trip when in fact never more than two guards were present in the vehicle. The clerk who prepares the billings indicated she was trained to submit the billing document in that manner when she was assigned those duties over 30

years ago. She was aware that only two guards made the trips. When billing trips to the other prisons she consistently billed for only two guards. For each trip to Fulton, the Sheriff's Office overbilled for a third guard at \$6 per diem and 220 miles at the rate in effect at the time of the trip. The total overbilled for a third guard for the two years ended June 30, 2002, was \$18,382.

The Sheriff's Office billed the mileage for all trips to the Vandalia prison at 125 miles one way. The actual mileage from the Medium Security Institution (MSI) in St. Louis to the prison gates is 103 miles. For each trip made to Vandalia the Sheriff's Office overbilled 22 miles for each prisoner transported and 44 miles for each of the two guards making the trip. For the two years ended June 30, 2002, these errors caused \$1,760 in overbillings.

The transportation unit would frequently make a combined trip driving either to Fulton or Vandalia first and then proceeding on to the other prison before returning to St. Louis. The mileage charged for the Fulton prisoners was correct, while the mileage charged for the Vandalia prisoners was incorrect as noted above. The guard miles were billed as if there had been two separate trips, one to Fulton and one to Vandalia. The total miles billed for each guard on these combined trips was 470 miles. We had the Sheriff review the actual mileage from the MSI to Vandalia to Fulton and back to MSI. The total mileage for the combined trip was 269 miles. For each combined trip, the Sheriff's Office overbilled for two guards for 202 miles each. For the two years ended June 30, 2002, the total overbilled amount was \$6,302 for these errors.

Other billing errors noted included one trip to Fulton was billed twice and, a trip to Farmington was billed at the mileage for a trip to Vandalia. In addition, the Fulton prison roundtrip mileage was inconsistently billed at 110, 125 and 170 miles rather than the correct 220 miles.

As indicated above, the inappropriate billing practices have apparently occurred for years. The Sheriff should reimburse the state \$26,444 for overbilled trips during the two years ended June 30, 2002. In addition, the Sheriff's Office should recalculate all billings for previous years for which documentation is readily available and reimburse the state accordingly. Furthermore, the office's billing practices should be changed to ensure complete and accurate transportation billings are submitted in the future.

- B. We noted the Sheriff's Office failed to bill for 14 trips made during fiscal years 2002 and 2001. We estimated the lost revenues to be \$6,222. According to state law, vendors must submit bills within two years of the delivery of service. The two year limitation has already passed for 5 of the 14 trips. We provided the Sheriff's Office with a list of the unbilled trips to allow immediate action to be taken on the unbilled trips. The Sheriff's Office could recover up to \$4,892 if the nine unbilled trips within the two year limitation period were billed promptly.

The office needs to ensure all future billings are submitted in a timely and accurate manner.

- C. The Sheriff requires the transportation unit to prepare a daily transportation listing of all prisoners to be transported to the various prisons. The guards who make the trips are also required to fill out a trip ticket indicating the vehicle miles driven and the number of prisoners present in the van for each portion of the trip (outbound and return). The primary document used for billing purposes is the certificate of delivery which is prepared in part by the records officer of the Department of Corrections' reception center. This officer lists the prisoners transported and the names of the guards. The guards are to submit the certificate of delivery, the daily transportation sheet, and the trip ticket to the billing clerk upon their return. We noted at least 35 instances where the daily transportation sheets were not prepared. Many of the trip tickets we reviewed were not properly completed, the names of the guards were not listed or were illegible, ending mileages were not always recorded, and the number of prisoners transported was not listed or disagreed with the certificates of delivery and daily transportation sheets. In each instance where a billing was not submitted as noted above, the certificate of delivery was either not obtained from the prison record officer or was not submitted to the billing clerk.

To ensure billings for prisoner transportation costs are correct, the daily transportation sheets, trip tickets, and certificates of delivery should be obtained and reconciled before billings are submitted to the state.

- D. We noted at least 11 instances during fiscal years 2002 and 2001 when a prisoner being returned to the Vandalia prison was not listed on the certificate of delivery prepared by the records officer. We contacted the records officer who indicated that prisoners who are returning to prison under a writ return (no new sentence and judgment) are not to be listed on the certificate of delivery, although we noted that 24 such prisoners were listed on the Vandalia certificates of delivery. We noted that the records officer at the Fulton prison lists all returning inmates. The statutory language regarding reimbursement for prisoner transportation does not address prisoners transported under a writ return. The Sheriff's Office has billed the state for all prisoners listed on the certificates of delivery.

If all 11 prisoners returning under a writ return were listed on the certificates of delivery, the Sheriff would have received additional reimbursements totaling \$390. However, if the 488 prisoners who were listed on the certificates of delivery that were under a writ return were not supposed to be listed on the certificates of delivery, the Sheriff's Office overbilled the state approximately \$18,000 during the two-year period.

The Sheriff should consult with the state Department of Corrections regarding the preparation of the certificates of delivery to ensure billing for prisoners transported to the Department of Corrections under writ returns are correct.

**WE RECOMMEND** the Sheriff:

- A. Reimburse the state \$26,444 for the overbilled prisoner transportation cost during the two years ended June 30, 2002. In addition, the Sheriff should recalculate the billings from previous years and reimburse the state for all overpayments. The Sheriff also needs to revise the current billing practices to ensure future billings are submitted in a complete and accurate manner.
- B. Submit billings immediately for the nine trips made that were not billed. Future billings need to be submitted in a timely manner.
- C. Ensure daily transportation sheets are prepared for all prisoner transportation trips and reconcile the daily transportation sheets, trip tickets, and certificates of delivery to ensure billings submitted to the state are correct.
- D. Consult with the Department of Corrections regarding the inclusion on the certificates of delivery of prisoners transported to the department under writ returns and bill accordingly.

**AUDITEE'S RESPONSE**

*The current procedure for billing the state for reimbursement for transporting prisoners to the Department of Corrections was established in 1972. Under this method, the state was billed \$8 for the Sheriff's fee, and \$6 for both of the deputies who made the trip, for a total of \$20 per prisoner transfer to Fulton.*

*When received, this money is remitted to the City Treasury to partially offset the cost of the transfer. The mileage figures submitted were supplied by the Missouri State Highway Patrol.*

*The auditor found that the Sheriff is not allowed a charge unless he actually makes the trip in person. By their reckoning, the first deputy is allowed a per diem of \$8 per day while the second deputy's per diem is \$6, for a total of \$14 per trip.*

*Regardless of which computation is used, it must be understood that the compensation received is far short of the actual cost of the deputy salaries paid for these trips. Again, all fees collected for prisoner transfer are turned over to the City Treasury to partially compensate for the expense of transferring convicted felons to the Missouri Department of Corrections.*

*The auditor's recommendations 'B' and 'C' have already been implemented. The Sheriff's Department will contact the Office of Administration to determine a process for implementation of recommendations 'A' and 'D'.*

**6.****Private Process Server Bank Account**

In 1994, the Sheriff was authorized by the circuit court to establish a training and licensure program for private individuals who wanted to serve civil process (subpoena, summons, and various court writs) in the city of St. Louis. Each individual was required to attend about 20 hours of training provided by the Sheriff and successfully pass a written examination. In addition, individuals who desired to carry a concealed weapon for protection must also pass annual firearms qualification. They are also required to carry liability insurance. Before a license is issued, a criminal history check is performed by the Sheriff's Office. The initial fee for training and a two year license is \$300. Licensure renewal for subsequent two-year periods is \$150. This program has generated about \$145,000 since 1994. During the two years ended June 30, 2002, the program generated nearly \$44,000 in fees and the Sheriff's Office spent \$21,800 from these fees. We noted the following concerns in our review of the private process server training and licensure program.

- A. The fees generated by the program were deposited into a separate bank account held outside the city treasury and overseen by the Sheriff. The account was outside the established administrative and cash handling functions and, therefore, was not subject to the existing internal control system of the Sheriff's Office and the city. No receipts related to this program were deposited in the city treasury and expenditures were made without the approval of the city comptroller's office.

Section 57.490, RSMo 2000, requires all fees earned by the Sheriff of the city of St. Louis during any calendar month to be paid into the city treasury. Section 57.510, RSMo 2000, indicates all necessary supplies for the Sheriff shall be purchased through the city supply division with the approval of the comptroller. Furthermore, Section 57.520, RSMo 2000, states all necessary expenses incurred by the Sheriff shall, upon his requisition with the approval of the comptroller, be paid out of the city treasury. The Sheriff had no authority to retain the private process server fees or to expend those fees except through the established city purchasing and payment systems. The account discussed above was closed in August 2002, see part C below.

- B. Items purchased during the two years ended June 30, 2002 from the account included batteries for department radios, office equipment, deputy training, attendance at a national law enforcement conference, postage, office supplies, a refrigerator, and 3 light bars for prisoner transportation vans. We also noted that the Sheriff's Office paid \$1,600 to a local shooting range and \$810 to the St. Louis Police gym to cover 50 percent of the cost for office employees to join these organizations. Only a small percentage of the money expended was for items directly related to the private process server training and licensure program, such as postage, printing, license frames, film, and ID making equipment. The Sheriff's Office did not obtain invoices or receipts for four of 20 purchases tested, and did not bid or retain bid documentation for three of 20 purchases tested. The

Sheriff had no authority to make these purchases outside of the established city procurement system.

- C. In August 2002, the Sheriff closed the private process server bank account and paid the remaining monies to the city treasurer. However, the fees deposited into the treasurer's bank account are not processed through the Sheriff's bank account and are not reported to the city comptroller. Whenever the Sheriff desires to make a purchase, one of four designated persons in the Sheriff's Office will write out and sign the check. The check is then taken to the City Treasurer's office for an official signature. We contacted the official at the Treasurer's office authorized to sign these checks and were told that as long as there was sufficient money in the account the checks would be signed. This official also indicated it was not the function of the treasurer's office to question whether the purchase was necessary or reasonable.

Simply moving the bank account failed to result in compliance with the statutory requirements noted above. The Sheriff should immediately turnover the money in the private process server bank account in the same manner as he remits other fees to the city. All purchases should be made within the city's established procurement system.

**WE RECOMMEND** the Sheriff comply with state law regarding the handling of fees received by his office and the procurement of goods and services for his department. In addition, the Sheriff should immediately request closure of the private process server bank account and deposit the current balance and future private process server fee receipts into the city treasury.

### **AUDITEE'S RESPONSE**

*The auditor questions the propriety of the Sheriff maintaining a separate bank account for private process server fees. RSMo. 57.280 provides that a Sheriff may retain up to \$50,000 per year in fees collected to "be expended at the discretion of the sheriff for furtherance of the sheriff's set duties". Monies so collected may accumulate and "shall not lapse to the county general revenue fund at the end of any county budget or fiscal year". The process server account is one of two accounts in which the Sheriff's Department maintains these funds.*

*The Sheriff's process server account is a registered account of the Treasurer's Office in compliance with Section 95.530, RSMo 2000. Its current balance is \$17,412.*

*The Treasurer's Office currently lists 32 different city agencies that hold a total of 157 such accounts administered in identical fashion.*

*Based on the results of the audit, the process server account will be closed and its current balance will be transferred into the remaining account.*



The Sheriff's Office maintains an official bank account and various ledgers to record the related receipts and disbursements of money handled by the office's cashier. At month end, disbursement of Sheriff's official fees and land tax sale proceeds are made to the city treasury. Throughout the month, the Sheriff's Office disburses collections from garnishments, writs of sequestration (garnishments for city and local school board employees), proceeds from sales of court ordered executions on real estate and automobiles, and monies collected by seizures of cash on hand from businesses (cash boxes) as directed by court order. The garnishments, writs of sequestration, and cash box seizures are held pending the date of final return as stipulated on the court order. During the two years ended June 30, 2002, the Sheriff's Office recorded \$16.5 million in revenues and \$16.3 million in expenditures in the Sheriff's official account. As of June 30, 2002, the bank account balance was \$698,859. We noted the following concerns during our review of the Sheriff's accounting controls and procedures.

- A. The Sheriff's Office did not prepare monthly listings of liabilities (open items) for funds held in trust in his official bank account. In September 2002, we requested the cashier to prepare such a listing, since the last listing of liabilities had been prepared in approximately 1988 shortly after the release of our prior report issued to the prior administration. After considerable effort, the cashier was able to provide an open items listing as of December 31, 2002. That listing indicated total liabilities of \$259,701, while the reconciled bank balance was \$259,718, resulting in a difference of only \$17. This relatively small difference indicated that some minor errors existed in the records. If the Sheriff's Office had prepared monthly open items listings, any such errors would have been identified and could have been corrected in a timely manner. In response to a recommendation in our 1988 report issued to the prior administration, the Sheriff's Office indicated monthly open items listings would be prepared.
- B. We noted the Sheriff's Office prepares a monthly bank reconciliation and as part of that process prepares a monthly listing of outstanding checks. The outstanding checks listing for December 31, 2002, included 21 items totaling \$3,106 which were outstanding for over 3 years, and 37 items outstanding from 1 to 3 years totaling \$3,828. Section 447.532, RSMo Cumulative Supp. 2002, requires all intangible property held by a public official that is unclaimed after three years to be turned over to the state's unclaimed property division. Failure to perform timely resolution of outstanding checks increases the likelihood that money will remain unclaimed.
- C. As of December 31, 2002, the Sheriff was holding monies related to 18 orders of executions, totaling \$8,625, that had been held for over three years. One item had been held since 1987. The Sheriff's Office should attempt to locate the parties due these funds. If the distribution of these monies can not be accomplished, the funds should be forwarded to the state's unclaimed property division.

The Sheriff's Office was also holding money related to eight child support seizure cases totaling \$23,570 that had been seized in 1999 and 2000. After we brought this to the Sheriff's attention, he contacted the Missouri Division of Child Support Enforcement who initiated court action to claim the money.

Failure to periodically investigate and resolve money held for long periods of time increases the difficulty in locating the benefiting parties and may result in noncompliance with state unclaimed property laws.

- D. The Sheriff's Office had procedures in place to monitor the adequacy of the collateral pledged as security for monies held in the official bank account in excess of FDIC coverage. However, we noted two occasions when the bank account exceeded the amount of collateral securities pledged and FDIC coverage. From May 29 to May 31, 2002, the account was under-collateralized by about \$285,000. From August 8 to August 10, 2001, the account was under-collateralized by about \$224,000. To protect these public monies, adequate collateral security must be maintained at all times.

A similar finding was also noted in our 1988 report issued to the prior administration.

**WE RECOMMEND** the Sheriff:

- A. Prepare open items listings monthly and reconcile the listings to the bank balances.
- B&C. Resolve outstanding checks and open items in a timely manner. In addition, the Sheriff should ensure compliance with the state unclaimed property laws.
- D. Ensure sufficient collateral securities are pledged at all times.

**AUDITEE'S RESPONSE**

*The auditor's recommendations have been adopted.*

<b>8. Computer System</b>
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The Sheriff's Office uses a manual, paper based system to record cash receipt and disbursement activity. This system includes logs, journals, and ledgers. The use of the manual system is very labor intensive. Besides the recording duties, reconciliation of the logs to the journal and summary postings from the journals to the ledgers must be performed. The multi-step posting process increases the risk of errors. The monthly turnover of fees to the city must also be tabulated manually from the underlying journals and ledgers. The financial activity must also be reconciled to the bank activity and monthly lists of outstanding checks and open items must be prepared. A computer based

system has been developed to track the financial activity related to writs of sequestration. However, the office's cashier continues to also record this activity on ledger cards. The conversion to an automated receipts and disbursements system would result in greater efficiency, allow for early detection and correction of errors, and significantly increase management's ability to effectively perform and document reconciliations and supervisory review.

The Sheriff's Office also has a computerized workflow tracking system which is used to post the service of process activity, issuance of gun permits, collection of garnishments, writs of sequestration, and executions. This system does not currently have full capability to produce daily reports of activity that may be reconciled to the related cash activity. Management reports of various work activity recorded in the system are not produced. For instance, the data recorded in the system could be used to identify the number and types of the processes assigned to deputies in the service department and the results of those service attempts. Such reports would allow management to identify problem areas or employees and take corrective action to improve the efficiency of the service department.

Integration of the automated receipts and disbursements system along with the workflow tracking system could yield even greater efficiency and further improve management's ability to monitor the financial and workflow activities of the Sheriff's Office. The Sheriff indicated he is waiting for an automated financial system to be installed in the office of the Circuit Clerk and hopes to be able to use that system to record the financial and workflow activity of his office. We contacted the Office of the State Courts Administrator who indicated that implementation of the indicated system in the Circuit Clerk's office was years from implementation and no plans had been made to design the system to allow proper accounting and tracking of financial or workflow activity of the Sheriff's Office.

**WE RECOMMEND** the Sheriff obtain through the city's bid process an automated and integrated financial receipts, disbursements, and workflow recording system capable of tabulating month end turnovers, producing monthly bank reconciliations, lists of outstanding checks, open items listings, receipt and disbursement journals and ledgers, and daily and monthly reports of workflow activity.

### **AUDITEE'S RESPONSE**

*The Sheriff would like to adopt the system recommended by the auditor; however, fiscal constraints posed by the City's budgetary shortfalls may preclude the purchase of the needed equipment.*

**9.****Vehicle Purchases**

The Sheriff's Office operates a fleet of 26 vehicles. There are five cars, one old bus, and twenty vans. During the two years ended June 30, 2002, the Sheriff's Office purchased one new prisoner transportation van and a new car for the Sheriff. The total cost of these purchases was \$63,540. Our review indicated similar vehicles could have been purchased for about \$49,000.

- A. Although the Sheriff's Office followed city policy by purchasing the van through the city's supply division, the van was purchased at a greater price than vans available on the state cooperative procurement program. An official of the supply division indicated that the current city bidding practices do not allow purchases under statewide procurement contracts. However, city bidding procedures allow the Sheriff to indicate on his bid request that the bid be provided to the same vendors as those responding to the state cooperative procurement program. The Sheriff did not specify any additional vendors that he desired be provided with an opportunity to bid.

We researched the state procurement program and the internet for similar vehicles and equipment. Our research indicated the van as equipped, with a quality prisoner transportation cage installed, could have been purchased for about \$32,000. The van was purchased through the city's supply division and the city's vehicle services division for \$42,486. It is a fifteen passenger diesel engine one ton series van with light bars and a custom built prisoner transportation cage. The van is equipped with dual heat and air conditioning, tilt wheel, power windows and locks, leather bucket seats in the front, and cruise control. The van was delivered with distinctive departmental decals and striping.

The state Department of Corrections stated their recent purchases of vans used for prisoner transportation cost between \$22,500 to \$23,600. Those vans have gasoline engines and the prisoner security measures are not as sophisticated as a cage. It appears the Sheriff's Office should consider revising the specifications on future van purchases. The office should also consider separating the purchase of the van and the prisoner transportation security system. In addition, the office should determine vendors participating in the statewide cooperative purchasing program and request the supply division send those vendors requests for proposals. As an alternative, the Sheriff's Office could contact those vendors to make them aware that the city would be issuing requests for proposals.

- B. The Sheriff also purchased a new 2001 Chevrolet Impala LS sedan for his official and personal use through the supply division at a total cost of \$21,054. We determined the cost of an adequately equipped 2001 Chevrolet Impala sedan under the state cooperative procurement program would have been about \$17,000. In the future, the Sheriff should recommend the supply division submit request for

proposals to vendors participating in the statewide procurement program when purchasing vehicles for his office.

**WE RECOMMEND** the Sheriff take a proactive role when requisitioning major purchases by designating vendors participating in the state cooperative procurement program to receive requests for proposals. In addition, the Sheriff should consider revising the specifications for prisoner transportation vans.

### **AUDITEE'S RESPONSE**

*As noted in the audit report, the Sheriff does not purchase vehicles utilized by the department but rather requisitions them from the City's Supply Division. The Sheriff enjoys no authority over that agency's procurement procedures.*

### **AUDITOR'S COMMENT**

We provided the Sheriff with a recommendation as to how he could assist the Supply Division and thereby save the city substantial amounts of money on its vehicle purchases for the Sheriff's Office.

<b>10. Use of Department Vehicles</b>
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The Sheriff authorized two deputies who had a department vehicle at their disposal at all times to also receive a monthly car allowance of \$140 for using their own cars in the line of duty. This decision resulted in the city incurring \$6,720 in unnecessary costs during the two years ended June 30, 2002. This practice has existed since at least 1993. The Sheriff's Office did not report to the city comptroller the use of departmental vehicles for personal commuting by these two deputies and three additional deputies. As a result, the city did not comply with Internal Revenue Service (IRS) reporting requirements.

- A. Two supervising deputies of the service unit were assigned department vehicles to be used for business purposes and for commuting to and from work. Both deputies indicated they frequently were required to respond after normal business hours. Department policy authorized deputies working in the service unit to receive a monthly car allowance of \$140 for using their personal vehicles in the line of duty. Since both deputies assigned the department vehicles also worked in the service unit, both received the monthly car allowance even though the Sheriff had assigned them a department vehicle. This practice appears to conflict with city policy which prohibits commuting allowances for employees who are provided any form of free transportation.

One of the deputies had been assigned a department vehicle and had received the monthly car allowance for at least eight years and the other had received the dual benefit for at least three years. It should be noted that in September 2002, the Sheriff discontinued the car allowance for these deputies.

- B. The city, under IRS requirements, must report the value of the benefit received by employees who are allowed to drive city-owned vehicles for personal commuting to and from work. Each department official, including the Sheriff, must report to the city comptroller's office the assignment of city-owned vehicles that are used for employee personal commuting. In addition to the two deputies mentioned above, three other supervising deputies were on call and assigned a department vehicle at all times.

The Sheriff's Office did not report the full-time assignment of city-owned vehicles to these five employees. As a result, the city failed to include the value of these benefits on the employees' W-2. The maximum value of the benefit that would have been reported annually for each applicable employee by the city was \$780.

We brought this matter to the Sheriff's attention in November 2002. However, the Sheriff did not report the additional benefit to the comptroller until March 2003, and, as a result, the benefit was not reported on the employees' W-2 for calendar year 2002.

**WE RECOMMEND** the Sheriff follow city policies regarding the authorization of car allowances and properly report the assignment of city-owned vehicles to the comptroller in a timely manner.

### **AUDITEE'S RESPONSE**

*The auditor's recommendations have been adopted.*

<b>11. Cellular Telephones</b>
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During the two years ended June 30, 2002, the Sheriff's Office incurred \$6,210 in unnecessary cellular telephone charges. Total cellular telephone expense during the two year period was over \$10,700. Three of the five cellular phones used by the personnel of the Sheriff's Office had only minimal usage and costs.

The Sheriff was using a cellular phone plan that provided 250 peak minutes within the local calling area only. Another cellular phone provided to the supervisor of the service unit was on an 80 minute peak plan for the local calling area. During fiscal years 2002 and 2001, the Sheriff averaged 160 peak minutes **above** his calling plan and incurred over \$4,340 in additional peak minutes, long distance, roaming, and network charges in addition to the plan's basic monthly cost of \$55.95. The service unit supervisor averaged 271 peak minutes **above** his calling plan and incurred \$1,870 in additional charges in addition to the basic monthly cost of \$24. Although in at least six different months the bill for the Sheriff's phone exceeded \$300, it did not appear that the cellular phone bills were being monitored by anyone.

After we brought the cellular phone costs to the attention of the Sheriff in November 2002, we were informed that both of these phones would be switched to calling plans with 500 peak minutes, free nights and weekends, and no long distance or roaming charges at a monthly cost of \$39.99. We obtained copies of the January 2003 billings and the billings for both phones totaled over \$435. The Sheriff had 970 total minutes on his phone for this month. The phone company had not placed the Sheriff's phone on the requested plan and as a result the bill included \$248 for 620 peak day and night minutes above the assigned basic calling plan. The supervisor of the service department had incurred 149 additional billed peak minutes at a cost of \$52. We again brought this to the attention of the Sheriff who indicated both phones would be placed on a 1200 minute peak plan at a monthly cost of \$94 each to eliminate additional peak billing charges. The Sheriff should continue to monitor the cellular phone bills and make adjustments to the calling plans as needed.

We did not attempt to determine the business purpose of any calls made during the period reviewed. The majority of all calls were made to phones outside the office. Some of these calls were made to the home phones of the Sheriff and the unit supervisor. The Sheriff has not established policies regarding personal use of office phones and any reimbursement for personal calls. The other three phones used by the office are set to allow only outgoing calls to the Sheriff's Office.

**WE RECOMMEND** the Sheriff monitor the cellular telephone bills to ensure the phones are placed on the most economical calling plans. In addition, the Sheriff should establish written policy regarding personal use of office cellular phones and any related reimbursements.

### **AUDITEE'S RESPONSE**

*The Sheriff's Department has a total of two cellular phones capable of making calls outside of the department. In accordance with the auditor's recommendation, calling plans for these phones have been modified to preclude over use charges.*

<b>12. Outside Service Unit</b>
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The Sheriff is responsible for serving of civil process in the city of St. Louis. Those duties are performed by the service unit. During the two years ended June 30, 2002, the Sheriff's Office received over 119,000 subpoenas, summons and other papers from the courts for service. According to the internal workflow tracking system, the Sheriff's Office successfully served about 69 percent of these papers.

The Sheriff's Office did not adequately monitor the service unit and develop and use management reports from the workflow tracking system to identify under-performing employees. Our review noted the following areas where improvements are needed:

- A. During fiscal years 2002 and 2001, as many as 31 full time deputies were assigned to the service unit. The city was divided into districts and each deputy was assigned a specific area within the city. The deputy's primary duty was to serve the papers in his district within the time limits set forth on the document. There were no set work schedules, and the hours each deputy worked was left up to the individual as long as he was able to serve most of the papers assigned to him. According to the unit supervisor, by working early morning, evening, and weekend hours, the attempted service was more successful since that is when most people were at home.

In September 2002, the Sheriff made significant changes in the service unit procedures. Some employees left the department or retired. All remaining employees were assigned set work schedules. Each employee had to sign in and out on a log at the central office. Each employee had to call in to the central office by radio before and after each service attempt. The radio calls were logged. A supervisor was assigned the task of monitoring the work schedules, sign in logs, radio call log, and papers assigned to be served and return of service reports, indicating where and when the service attempt was made and whether the attempt was successful. The city districts were redrawn and reduced from 25 to 18 districts. The unit was reduced to 21 employees. According to the unit supervisor, since these changes were made the rate of successful service had dropped slightly.

Under the current supervision strategy, employees who have low successful service rates are counseled and if improvement is not forthcoming transfers are made. Several factors impact the rate of successful service including the types of paper generally served and the stability of residents in the neighborhoods in the districts. For example, garnishments which are served on businesses are generally much easier to serve than an order of protection against a perpetrator of domestic violence who has gone into hiding. Districts with high concentrations of businesses will generally have higher successful service rates than districts with poorer neighborhoods and high concentrations of abandoned and shuttered residential housing. The unit supervisor indicated the current goal was to maintain individual successful rates of service above 70 percent.

In February, 2003, to address the low rates of successful service, it was decided the service deputies should be allowed a more flexible work schedule so they could work some early morning, evening, and weekend hours. They still must report to central office and continue to call in on the radios. The previously scheduled night crew (1 PM to 9 PM) was reassigned to the new flexible work hours. It appears the changes in the service unit will ultimately lead to more efficient and effective service of process within the department.

- B. We noted an additional management tool has been available to the Sheriff's Office for several years but has not been developed. The workflow tracking system contains data on the service of process by type of paper, district and deputy



assigned, successful service, and the reasons successful service could not be achieved. We performed an analysis of the data for process served during the two years ended June 30, 2002. That analysis indicated the papers were successfully served nearly 69 percent of the time. In many instances, the failure to serve the process was not specifically attributable to a lack of effort on the part of the deputy. Papers that cannot be successfully served must be reported back to the issuing court and are referred to as "Non Est" service. The following table indicates the reason the "Non Est" papers could not be successfully served according to information recorded in the workflow tracking system.

Reason	Percentage of All Papers
Moved	9.01
Several Attempts/No Contact	8.94
Not Served Within Required Time	4.15
Vacant Address	3.32
No Such Address	1.75
County Address	.88
No Access to Residence	.37
Deceased	.13
Vacation or Sick Leave	.11
Other	2.48
Total "Non Est" Service	31.14

We then analyzed the data by individual deputy. We noted that 27 deputies had attempted service of at least 1,000 papers during the two-year period. Of those, 13 deputies had "Non Est" rates ranging between 30 and 56 percent. We noted one deputy who reported that over 52 percent of his "Non Est" papers could not be served because the intended recipients had moved, while the average noted in the table above was nine percent. We noted another deputy who reported that over 55 percent of his "Non Est" papers could not be served after several attempts but no contact, while the average noted in the table above was nine percent. Both of these deputies had full time secondary employment. Both employees had left the job before the new procedures discussed above were placed into effect.

We also noted one deputy reported that over 21 percent of his papers could not be served because the address was vacant. Two deputies were assigned to the night crew which appeared to get significantly more of the difficult to serve orders of protection and almost none of the easier to serve papers, such as garnishments.

If the Sheriff's Office had developed quality management reports from the workflow tracking system and reviewed those reports, the office would have been aware that significant changes in the service unit were necessary. The Sheriff should develop management reports from the workflow tracking system to increase the efficiency and effectiveness of the service unit.

- C. We analyzed the service of process data by type of paper and "Non Est" rates. The data clearly indicates that some types of papers are much easier to serve. For example, virtually 100% of the writs of sequestration are served, since all that is required to serve these papers is to receive the paper and take them in batches to City Hall or to the school board district offices. The following table indicates the various types of papers received during fiscal years 2002 and 2001 by the Sheriff's Office and the percentage of those papers that were returned "Non Est".

Paper Type	Number	% of All Papers	Percentage "Non Est"
Associate Subpoena, Summons or Writ	47,160	39.48	33.62
Garnishments	27,612	23.12	3.23
Orders of Protection	15,618	13.07	53.52
Foreign Subpoena, Summons or Writ	10,148	8.50	47.05
Full Subpoena, Summons or Writ	8,393	7.03	37.51
Writs of Sequestration	4,973	4.16	.02
Full Juror	3,817	3.20	78.57
Other	1,733	11.45	67.40
Total	119,454	100.00	31.14

Nearly half of the full juror summons (about 1,500) were returned "Non Est" because the person moved or the address was vacant. Foreign subpoenas, summons, and writs are issued by courts outside the St. Louis Circuit Courts. The high return rate for these papers is apparently the result of entities outside the city being unable to identify good addresses of the intended recipients.

The most troubling statistic noted in our analysis was the 53 percent "Non Est" rate for the orders of protection. A significant number of these orders arise from a domestic violence situation. According to the unit supervisor, this type of order is handled with the highest priority possible but are often difficult or impossible to serve. The supervisor indicated the person requesting the order must provide a good address for the intended recipient and are often unaware of the actual location of the recipient. In addition, most of the intended recipients have fled their prior residence to avoid contact with the victim and the police. The order of protection must be served in a much shorter time period than allowed for other types of processes, usually less than one week. While it is clear that serving orders of protection is often a difficult task, the Sheriff should consider the dedication of additional resources to the service of orders of protection.

**WE RECOMMEND** the Sheriff:

- A. Continue the intensive monitoring of the service unit workload and effectiveness and take timely action to correct deficient practices.
- B. Develop management reports based upon the workload tracking system and use those reports as part of the monitoring process.

- C. Consider dedicating additional resources for the service of orders of protection.

### **AUDITEE'S RESPONSE**

*Historically, the Outside Service Unit was supervised by monitoring the actual number of papers served—the same system used by virtually every sheriff's department in the state.*

*As noted in the report, the operational procedures of this unit were revamped to insure greater individual accountability prior to the start of the audit. Several months after implementation, after consultation with the auditors, the new procedures were in turn modified to enhance productivity.*

*Two important points should be made regarding the 53 percent "Non Est" service rates noted for orders of protection:*

*First, the rate includes all orders issued by the 22<sup>nd</sup> Judicial Circuit, irrespective of where the intended recipient resides. Thus, if a woman in St. Louis City obtains an order of protection against a man in St. Louis County, that paper is counted as a "Non Est" service for the City Sheriff, regardless of whether or not the paper is actually served. That's because by law, sheriffs can only serve papers in their own county. Though such papers are forwarded to other counties for service, they still count as "Non Est" because they could not be served by the City Sheriff.*

*Secondly, these court papers can also be served by the police. When they are, the return is made directly to the court file, making the order a "Non Est" case even though the paper has been served.*

*Therefore, the cited 53 percent "Non Est" rate, while technically correct, does not accurately reflect the number of these important papers that are actually served.*

<b>13. Controls Over Weapons</b>
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The Sheriff's Office has 178 handguns and four shotguns. The Sheriff has issued 117 of these guns to his deputies. The remainder are held in inventory. The Sheriff's Office did not maintain a complete centralized listing of all weapons issued to deputies or held in inventory. The Sheriff also allows deputies to carry their personal weapons if they submit a request. As of September 19, 2002, personal weapons were being carried by 28 deputies who did not have authorization.

- A. While some records of guns purchased and assigned were kept, the office did not maintain a complete centralized listing of all weapons controlled by the office, issued to deputies, or held in inventory. In addition, the office had not conducted a physical inventory of either the issued or the unissued weapons for several years. It was only after considerable effort that the Sheriff's Office was able to produce a complete listing of weapons used by the office. The Sheriff should

maintain a perpetual inventory record and conduct periodic physical inventories of both issued and unissued weapons.

- B. Office policy requires all personnel who carry weapons to pass annual firearms qualification. We noted one deputy failed to pass the annual qualification in 2001 and two deputies did not test because they were on extended sick leave while the testing was being performed. We also noted that 10 deputies failed the qualification twice and two others three times before passing. The Sheriff allowed the employees who failed to pass the qualification tests to continue to carry a weapon. All office personnel should be required to meet all requirements before they are permitted to carry a weapon.
- C. Office policy requires all employees who want to carry their privately owned weapons on duty to submit a request for authorization. At September 19, 2002, the Sheriff's records indicated 19 employees had been granted authorization. We noted 28 employees were carrying privately owned weapons who did not have authorization. After we brought this to the Sheriff's attention, he required all staff carrying privately owned weapons to submit the request. The Sheriff should ensure that all applicable employees are properly approved to carry privately owned weapons and should perform periodic unannounced weapons inspections to determine that employees who are carrying privately owned weapons are authorized to do so.

**WE RECOMMEND** the Sheriff:

- A. Maintain centralized records of weapons used by the office and conduct periodic inventories of all weapons.
- B. Ensure all personnel who carry a firearm on duty take and pass an annual firearms qualification test. Those personnel failing to pass a qualification test should not be allowed to carry a weapon.
- C. Perform periodic unannounced weapons inspections to ensure staff carrying privately owned weapons have been authorized to do so as required by office policy.

**AUDITEE'S RESPONSE**

*Upon assuming office, the current Sheriff instituted a requirement that each armed deputy must re-qualify annually with his or her firearm. Deputies whose duties do not require them to be armed are exempted from the training mandate but are not allowed to carry weapons.*

*The Sheriff also implemented a formal firearms' policy dictating the circumstances under which deadly force may be used. It is a source of pride that during the 14 plus years that James Murphy has served as Sheriff, there has not been a single improper shooting incident involving a St. Louis Sheriff's deputy.*

*Because the Sheriff's Department does not have its own firing range, basic training and re-qualification must be conducted at the St. Louis Metro Police Range when that facility is available, or at a licensed private training range when it is not. In either case, associated costs are defrayed from the department's training budget.*

*In the event that a deputy fails to pass the annual re-qualification at the police range, he or she must attend remedial training at the licensed private facility and must submit documentation that he or she has successfully completed that course in order to remain armed. In those instances, the individual deputy pays the training costs. Deputies who are unable to shoot during the annual re-qualification period (e.g., those on extended medical leave) are required to qualify at the earliest available date upon their return to duty.*

*In June 2003, the training director furnished the auditors with a complete listing of current firearms' records. Since that time, three newly hired deputies have completed training. Currently, the department has 153 armed deputies and 30 who are not armed. All armed deputies have current qualifications on file.*

*A complete manifest of deputies who have permission to carry privately owned weapons was also furnished to the auditors.*

*Subsequent to the audit, the Major in charge of the Administrative Section has created a centralized inventory of all weapons owned by the department, whether issued to active deputies or held in reserve.*

<b>14. Approval of Secondary Employment</b>
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At least 20 current and 3 former employees had outside employment during the two years ended June 30, 2002, and did not have authorization. Some appeared to have full or nearly full-time secondary employment. Some had only worked outside employment for short periods of time or appeared to work a few hours.

The Sheriff requires all employees who desire to work second jobs to submit a request for approval before they may start other employment. The primary reason is that many deputies who work secondary employment, work as security guards and often wear office uniforms and carry office-issued weapons while on duty as a security guard. In addition, these employees must obtain a city watchman's license when working security jobs. The Sheriff did discover one employee working secondary employment without authorization and he was given one day off without pay.

Effective September 3, 2002, the Sheriff required all personnel with secondary employment to submit new applications for authorization. By September 30, 2002, 28 applications had been received. That order also limited employees to working no more than 20 hours per week in their secondary employment.

Although it appears the Sheriff's Office does some monitoring of secondary employment, the office's policy does not require employees who own private businesses to report that ownership to the Sheriff or receive advance approval. We noted two employees owned a private security firm. To effectively monitor secondary employment, the office's policy needs to be revised to include the reporting of all business relationships.

**WE RECOMMEND** the Sheriff implement a policy to require all office employees who own private businesses to report such ownership to the Sheriff. In addition, the Sheriff should periodically request employees to verify their secondary employment and the number of hours worked.

### **AUDITEE'S RESPONSE**

*The Sheriff instituted a policy of monitoring secondary employment to insure that employees did not engage in outside employment that could bring discredit to the department. He later modified the original policy to limit the time worked at approved secondary jobs to 20 hours in any given workweek. Both of these regulations are internal department policies not mandated by state or local law.*

*The Sheriff accepts the auditor's recommendation that deputies who own private businesses should report such ownership in compliance with the secondary employment policy.*

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The Office of Sheriff of the city of St. Louis, Missouri is an elected office. Responsibilities are governed by Missouri statutes, city ordinances, and specific court orders. The office is responsible for:

- The custody of prisoners in the circuit courts, during transportation to and from the city jail, medium security institution, and the state Department of Corrections and while receiving medical care at local hospitals and doctor's offices.
- Security of three courthouses and in circuit courtrooms.
- Serving civil processes as ordered by the courts.
- Collecting monies and seizing property related to garnishments and executions.
- Issuing jury duty summons.
- Issuing handgun permits.
- Custody and safekeeping of criminal evidence and prisoners' personal property.
- Conducting sales of real estate having delinquent property taxes.

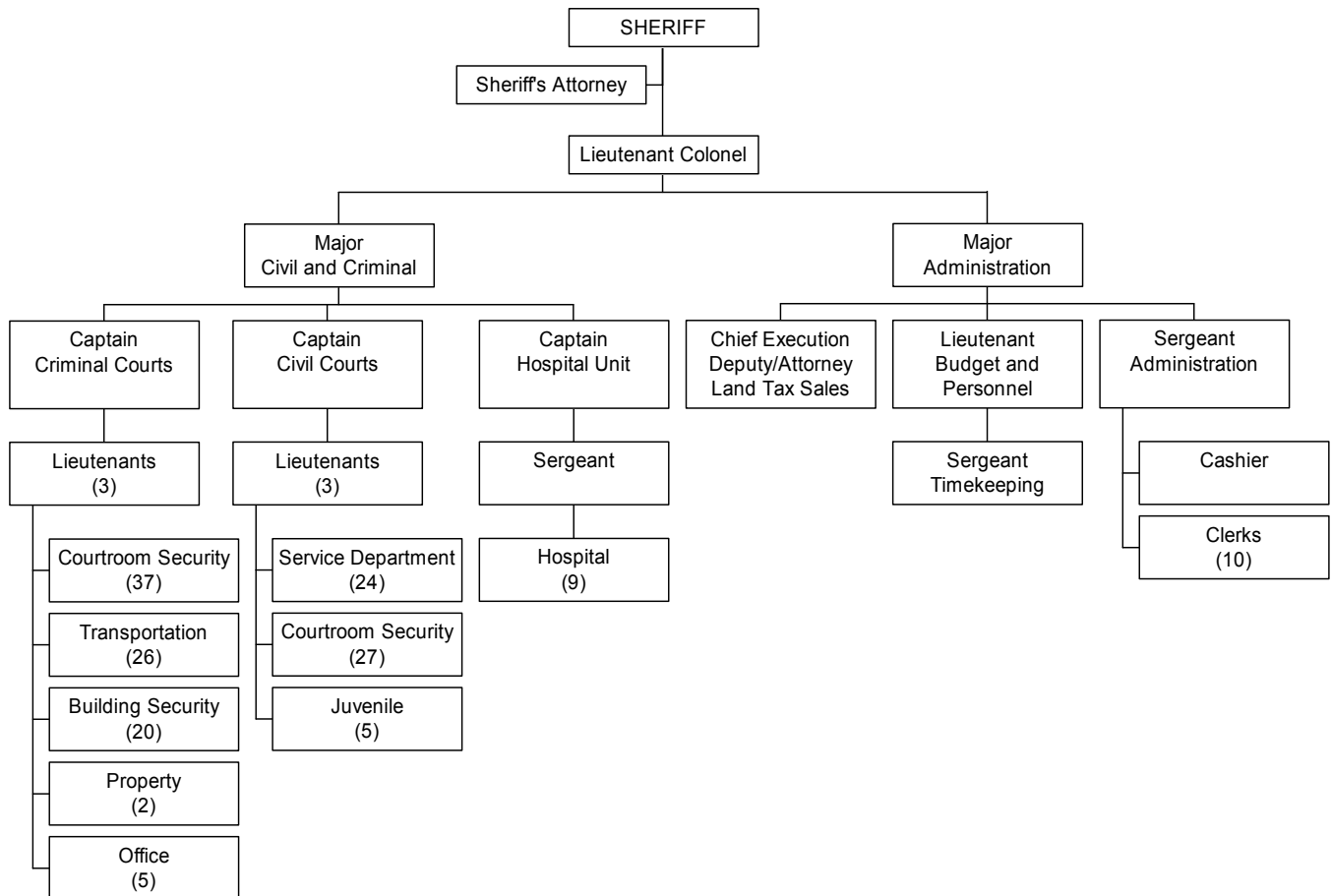
Sheriff James W. Murphy currently serves as the Sheriff for the city of St. Louis. He has served in that capacity since he was sworn in on January 1, 1989. He was reelected to this position in 1992, 1996, and 2000. The Sheriff oversees the daily operation of the department. A lieutenant colonel and two majors supervise the office's divisions. At December 31, 2002, key office personnel were as follows:

Michael Guzy, Lieutenant Colonel  
Randolph Lynch, Major - Administration  
Gregory Thomas, Major - Civil and Criminal  
George Harsley, Captain - Civil Courts  
Scott Lammert, Captain - Criminal Courts  
John McCain, Captain - Hospital Unit  
Gordon Schweitzer, Chief Execution Deputy/Attorney - Land Tax Sales  
Rosemary Churchill, Lieutenant - Budget and Personnel  
Raymond Harris, Lieutenant - Outside Service Department  
Michael Crawford, Sergeant—Property Room

The Sheriff's office is authorized up to 185 personnel. At December 31, 2002, there were approximately 182 full-time employees. An organization chart follows:



OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI  
ORGANIZATION CHART  
DECEMBER 31, 2002



Appendix A

OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI  
SCHEDULE OF REVENUES, EXPENDITURES, AND CASH BALANCES - CITY FUNDS

	Year Ended June 30 ,	
	2002	2001
<u>GENERAL FUND - SHERIFF</u>		
Revenues		
Sheriff's Fees	\$ 683,501	\$ 628,079
Garnishment Fees	327,652	316,141
Prisoner Transportation Fees	105,989	116,890
Miscellaneous Fees	127,237	113,015
Interest	4,203	8,291
Transfers In from the City's General Revenue Fund	5,757,868	5,193,298
Total Revenues	<u>7,006,450</u>	<u>6,375,714</u>
Expenditure		
Personal Services	6,723,579	6,113,797
Materials and Supply	73,841	89,609
Office Equipment Lease and Rental	6,121	4,066
Vehicle and Security Equipment	18,132	21,237
Contractual and Other Services	142,045	138,538
Prior Year Encumbrances	42,732	8,467
Total Expenditures	<u>7,006,450</u>	<u>6,375,714</u>
Beginning Balance (1)	0	0
Ending Balance	<u>0</u>	<u>0</u>
<u>LAND AUCTION SALES FUND</u>		
Revenues		
Land Tax Sales	1,759,016	1,353,831
Interest	0	81
Total Revenues	<u>1,759,016</u>	<u>1,353,912</u>
Expenditures		
Refunds for Set Asides and Payments of Excess Proceeds	680,585	790,855
Payments to Collector for Taxes, Interest and Costs	665,943	731,066
Fees to Sheriff	14,843	11,268
Total Expenditures	<u>1,361,371</u>	<u>1,533,189</u>
Beginning Balance	1,156,855	1,336,132
Ending Balance	<u>1,554,500</u>	<u>1,156,855</u>
<u>SHERIFF AUCTION PROCEEDS FUND</u>		
Revenues		
Unclaimed Evidence Monies	6,935	33,079
Total Revenues	<u>6,935</u>	<u>33,079</u>
Expenditures		
Uniforms	17,461	0
Total Expenditures	<u>17,461</u>	<u>0</u>
Beginning Balance	48,102	15,023
Ending Balance	<u>\$ 37,576</u>	<u>\$ 48,102</u>

(1) Cash balances lapse at the end of each year.

Appendix B

OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI  
SCHEDULE OF REVENUES, EXPENDITURES, AND CASH BALANCES -  
FUNDS HELD OUTSIDE THE CITY TREASURY

	Year Ended June 30,	
	2002	2001
<u>PROCESS SERVER FEE ACCOUNT</u>		
Revenues		
Training and Licensure Fees	\$ 18,555	\$ 25,360
Total Revenues	<u>18,555</u>	<u>25,360</u>
Expenditures		
Office Supplies, Training, Memberships	<u>9,759</u>	<u>12,041</u>
Total Expenditures	<u>9,759</u>	<u>12,041</u>
Beginning Balance	17,402	4,083
Ending Balance	<u>26,198</u>	<u>17,402</u>
<u>CASH EVIDENCE MONIES</u>		
Revenues		
Cash Evidence Monies Removed from Property Room	<u>14,085</u>	<u>15,862</u>
Expenditures		
Purchases Made by Cashier Checks	\$ <u>14,085</u>	\$ <u>15,862</u>

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